THE BUDGET

Mr. McCONNELL. Mr. President, I understand this is fiscal responsibility week on the Democratic side of the aisle. It is a good time to talk about that and to talk about the strength of the American economy. It is certainly no secret to any in Congress or to the American people that when the President came to office we had a terrorist attack, we have had corporate accounting scandals, a bursting stock bubble, and, of course, our share of natural disasters.

In spite of all that, our economy is in extraordinarily good shape. It is very strong, and it is not by accident. It is a direct result of the policies of the President of the United States and of the Republican Congress.

Since the enactment of the Jobs and Growth Act of 2003, more Americans are working than ever before. Five million new jobs have been created since May 2003 alone. Unemployment is at 4.8 percent. That is lower than the average of the 1970s, the 1980s, and even the boom 1990s that our good friends on the other side of the aisle claim is the best the economy could ever do. Current unemployment is lower than the average of the 1990s.

Home ownership, the American dream, has reached an all-time high and remains near that high today. The stock market, a good way to measure prosperity, is up more than 2,500 points since May 1, of 2003. That is nearly a 30-percent increase in the stock market since we passed the Jobs and Growth Act of 2003.

Americans have more money in their pockets. Aftertax income is up 7.9 percent since President Bush took office. We cut the capital gains tax rate. I remember all the comments on the other side of the aisle about how this was a tax cut for the rich and how it was going to cost the Government all kinds of revenue. The results are in. By cutting the capital gains tax rate, we increased the revenues to the Federal Government by $20 billion. In other words, the receipts from capital gains went from $58 billion, when we had a higher rate, to $78 billion with a lower rate, exactly as the occupant of the chair, myself, and these in the Bush administration predicted. Cutting capital gains tax produces more revenue for the Government. Now we have proven that to be the case.

We are taking more important steps to put our fiscal house in order. The deficit reduction bill which the President signed within the last month actually reduces the deficit by $40 billion for the first time since the late 1990s. It is an actual deficit reduction bill, a reduction in the entitlement spending, one of the hardest things to do around here. We did not pass it by a landslide, but we got it done.

What is this all about? It is all about the American people. The Government does not create jobs and opportunity; the private sector does. The policies of the President and the Republican Congress have stimulated the private sector, allowed our country to work its way through some of the most dramatic setbacks imaginable, from the first big terrorist attack—hopefully the last one on our soil—corporate scandals, the stock market bubble bursting, all of that, and yet our economy is roaring.

What do our good friends on the other side of the aisle think the prescription is in the wake of this riproaring economy and all of this success? We saw some of it in the Committee on the Budget last week. First, they want to increase the discretionary cap on this budget we are now considering, increase that by $19 billion. In other words, have some more spending over and above what the President has recommended and what the budget that came out of the Committee on the Budget recommends, $873 billion. They want to increase that by $19 billion. They also would have mandatory spending increases of $109 billion. The President just got through signing, after Congress passed, a deficit reduction bill to reduce mandatory spending by $40 billion over the next 5 years and the Democrats on the Committee on the Budget want to increase it by $109 billion. That will wipe out all those savings and add another $50 billion or so on top of it.

Our Democratic friends also proposed tax increases of $134 billion in the committee last week. It strikes me that their solution in the wake of this stunningly robust economy we find ourselves with is to tax and spend, the old formula.

I hope we will not go down that road as we move toward passing the budget this week. We have an opportunity to demonstrate that we are willing to restrain ourselves, that we are willing to cap the rate of discretionary spending. We will have that vote at the end of the week. I hope it will be successful.

I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, morning business is closed.

CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEAR 2007—Continued

The PRESIDING OFFICER. Under the previous order, the hour of 1:30 p.m. having arrived, the Senate will resume consideration of the budget resolution, which the clerk will report.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 83), setting forth the congressional budgets of the United States Government for fiscal year 2007 and including the appropriate budgetary levels for fiscal years 2006 and 2008 through 2011.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I listened to the very able Senator from Kentucky. His description of this budget does not quite fit the budget I have seen, both in the Senate and in the committee. He talks about deficit reduction. There is no deficit reduction here. Let's be clear with people. There is no deficit reduction.

He talks about the deficit reduction bill offered last year by the Republicans. They called it ''deficit reduction,'' but there was no deficit reduction. They cut taxes $70 billion, cut spending $40 billion. Do the math. That did not reduce the deficit. It increased the deficit. Is the deficit going to be lower this year after their deficit reduction bill? Or is it going to be higher? It is going to be higher. There is more deficit after their deficit reduction bill of last year. Not only is there more deficit, but there is a whole lot more debt.

Let me say to my colleagues, here is what is happening under our colleagues' fiscal plan. Here is what is happening to the debt of the country. When President Bush came in at the end of his first year—we do not hold him responsible for the first year because that is operating under the previous year's Presidency—at the end of his first year the debt was $5.8 trillion. At the end of this year, the debt will be $8.6 trillion. If this budget is adopted, this 5-year budget, at the end of the 5 years the debt will be $11.8 trillion. And they are talking about deficit reduction? Where? Where is it? Show me. Show me where they are reducing the deficit. This is the debt of the country. The debt is skyrocketing under their plans.

Now the Senator talks about their deficit reduction plan of last year. This is last year. The deficit was $319 billion, one of the biggest ever. In fact, in the 5 years of this Presidency, he has had—count them—four, when this year is complete, four of the biggest deficits in the history of the country. In dollar terms, the four biggest.

Last year, the deficit was $319 billion. The Congressional Budget Office says if this budget is agreed to, this year the budget will be $371 billion based on the President's proposal. Actually, the proposal in the Senate is a little worse, at $371 billion. Is $371 billion more of a deficit than $319 billion or less? This is after their big deficit reduction plan. There is no deficit reduction.

What about going forward? What will happen going forward? Here is what will happen, going forward, to the debt of the country. They say the deficit will go down each and every year of this budget. Well, not quite. The last year they say it blips up a little. They claim the deficit will be going down. But, of course, they have left out some pretty big things. They have left out any war costs past 2007. They have left out any cost to fix the alternative minimum tax passed this year. Over 10 years, that costs $1 trillion to fix. That is a big item. They have left out the associated interest costs of those items,